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MARKETING & MEDIA Decisions

The twists and turns of media training

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Scented inserts in magazines

New point-of-purchase technology

Brand Report: Telecommunications

MARKETING & MEDIA Decisions

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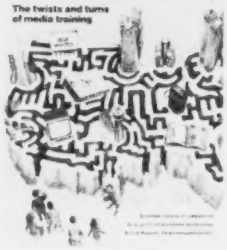

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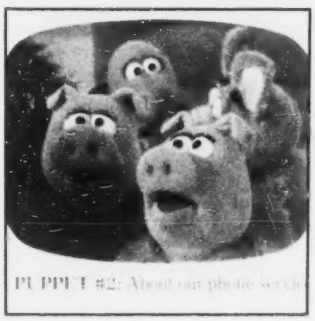

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FUTURES

The feminization of public relations

More and more, the public relations person — that ubiquitous "company spokesman" — is likely to be a woman, according to a study done by *PR Reporter*, an industry newsletter.

Not only are jobs held by older men being filled, once they retire, by a growing percentage of women, but more young women are going into the profession than young men.

In 1978, just over one-fifth of the PR population were women. In 1985, that figure has risen to 40%.

And the trend is likely to continue. This past year, reports the study, about three out of every four entrants into the field between the ages of 25 and 29 were female. Of new recruits between 30-34, two-thirds were women.

Once the average age rises over 35 years old, however, men claimed the lion's share of jobs, reaching a peak in the 50-59 age range, with four out of five positions filled by men.

This gradual feminization of public relations has also meant a dip in the median salary for the profession as a whole. The average pay dropped from $44,000 for 1984 to $43,000 this year.

That slight dip in median pay does not, however, even hint at the remarkable disparity in average median salaries for PR men ($50,000) compared to those for PR women ($35,000). This disparity, combined with the large number of women now entering the field, is responsible for the overall drop in average salary.

The most frequent employers of female PR people are, somewhat surprisingly, banks and financial service companies. Hospitals rank third. Men are still the kings, however, at utilities and conglomerates, holding four out of five jobs, followed by consumer product and insurance companies, where they account for seven of every 10 PR professionals.

The study, which received 830 responses from the 4,000 initially polled (a 21% response rate), also shows that, by far, men have the most years of experience under their belts. Of women, 72% have ten years or less experience, while only 45% of men do. Only 12% of women have 15 years or more behind them, while 36% of the profession's men do. At each level of experience, male spokespeople earn more than their female counterparts.

Though salary differences by sex aren't fading, pay disparity by region is. In 1983, notes the *PR Reporter*, the difference between the highest and lowest paying regions was $4,000. That has dropped to $2,000 in 1985, with the Northeast and West paying most, with median salaries of $44,000, the study shows. And the South has risen again: That region was the lowest paying in all other years of the survey, but now pays more than the North Central region by $1,000. The latter's hard-pressed smokestack industries apparently are dragging down job opportunities and pay levels.

There's been a general upgrading in the education level of PR folk as well. While the highest percentage of practitioners (55%) have a bachelor's degree, the number with master's degrees has risen from a 1983 level of 28% to 33% in 1985.

More schooling now means more money in the PR game. Master's holders earn $4,750 more than someone with a bachelor's degree, and women with a master's pull in $6,100 more than women with just a bachelor's. A Ph.D. doesn't seem to rate as well as might be expected, drawing just $1,250 more annually than PR staffers with a master's. Still, it's progress: In 1983, Ph.D.-ers earned less than a colleague with a master's.

In this image-conscious world, the job market is good for public relations aspirants. While 16.6% of companies report that they're cutting down on PR hires, another 27.6% say they're taking on more professionals to deal with the outside world. The size of the average PR office is small, though. About one-fifth of the respondents were from one-person offices. Fifty per cent reported staffs of three or fewer workers, and 84% came from offices or departments with 10 or fewer PR staffers.

Public Relations Salaries by Age — Comparison of Men & Woman

	1985 Median Salary			
Age Groups	Total	Men	Woman	Difference
24 or below	$23,500	*	*	
25-29	28,100	$27,500	$29,800	– $2,300
30-34	35,020	38,050	34,450	– 3,600
35-39	40,000	44,800	38,050	– 6,700
40-49	49,550	53,000	36,000	– 17,000
50-59	54,550	58,850	33,850	– 25,000
60-64	44,850	50,200	36,400	– 13,800
65 or over	*	*	*	

*Sample too small *Source: PR Reporter*

HOMEWORK

Whatever turns them on

Surprise! Women think about money more than sex, and even derive greater pleasure from money, according to a national study, "Americans and Their Money/1985."

The third annual survey, sponsored by *Money* magazine and conducted by Lieberman Research of New York, polled a national sample of 2,491 adults who are the main financial decision makers in their households. Men make up about two-thirds of this poll.

Interesting highlights of the study include:

- Money and sex are equally dominant in men's minds, but money is much more prevalent with women.
- Women consider themselves better money managers than men, and a lot of men agree.
- Two-thirds of the women surveyed say they would lend money to a best friend, compared to three-quarters of the men.
- Women usually carry less cash than men. The averages are $29 for women and $52 for men.
- Three-fifths of both women and men pick "working hard" as a path to wealth. However, women choose "winning a lottery" or "inheriting money" more than men. Men favor "inheriting in real estate," and "owning your own business." Women display more faith in saving as a path to prosperity. They pick the option "saving all you can" more than men, 37% to 30%.

The study also found that President Reagan's tax reform program appears to be facing greater public opposition.

Nearly one-third favored the "flat tax" program; 15% were against it and more than half had no opinion about the program shortly after it was unveiled. But an update in September, using a smaller national sample, found that one-fifth were now against the program, while those who favored it rose only marginally to 32%, and 48% had no opinion.

A higher percentage also believe that the tax reform package is less fair than the current system. The scores showed 13% felt this way in June, with the number of those with negative feelings rising to 21% in September. Those who consider the proposed program more fair slipped from 30% to 27%.

Public Attitudes On The "Flat Tax" By Demographic Characteristics

	June 1985				September 1985			
	For	Against	No opinion	For vs. against	For	against	No opinion	For vs. against
Total	31%	15%	54%	+16%	32%	20%	48%	12%
Household Income								
$35,000 and over	42	22	36	+20	40	32	28	+ 8
$25,000-$34,999	34	20	46	+14	36	21	43	+15
Under $25,000	25	11	64	+14	30	17	53	+13
Age								
Under 35 years	26	16	58	+10	32	19	49	+13
35-49 years	35	18	47	+17	32	23	45	+ 9
50 years or more	34	11	55	+23	33	20	47	+13
Sex								
Men	36	15	49	+21	36	21	43	+15
Women	24	13	63	+11	26	21	53	+ 5

Source: Money Magazine.

Do advertisers bogey with tv golf spots?

You've got to be a golfer to blow half a Saturday glued to the slow drama of a PGA golf tournament telecast, right?

Not according to Golf Digest/Tennis. Research outfit Irwin Broh & Associates phoned more than 6,500 tv viewers during two four-hour golf telecasts — the Los Angeles Open and the Heritage Classic — and found that 52% of the tournament viewers hadn't played a round in the last year.

Golfers had opted for other programs in more than 33% of households surveyed. Those golfers who did watch were older and zapped more commercials (24%, as opposed to 8% for non-golfers). This didn't surprise the researchers since 46% of the golfer households reached had remote control devices.

To join the more than 100 companies which have received copies of the report, send a letter to Hugh White, vice president of research, Golf Digest/Tennis Inc., 488 Madison Avenue, New York, N.Y. 10022.

And then? White, for one, hopes golf equipment advertisers will size up the audiences of sports telecasts and ask, "Is television appropriate for high-ticket items?" Golf clubs, he points out, "tend to run between $300 and $600 for a set."

NEW IN MEDIA

Getting marketers into college

Even before sex, beer and roadtrips, what 12 million college kids want most is a high-paying career. As much as they like sports and sex, money is what they pine to read about — at least five times a year.

That's the composite drawn by the Collegiate Marketing Associates division of SBA Corp. (Students for a Better America), a serious sounding group that is banking on the success of *Student*, a new magazine for collegians who want jobs and their own credit cards. The lure for advertisers is the chance to plant brand loyalty early in the wish/buying cycle.

Unlike its fun-and-games competitor, *Dorm* (*M&MD*, January 1985, pg. 33), which sends its prank tales and sex tips to random student mailboxes in the hope of high pass-along, *Student* has done its homework. It now realizes that advertisers want to know where their pages are headed. The result: a direct-mail system that hand picks readers by age, year and major course of study from college and university registrar lists.

Advertisers will pay more than they might think to reach these kids. To be seen by 500,000 of them at 100 leading colleges and universities once (out of five issues a year), and to mix in with success stories, entrepreneurial tips and assorted general interest features, advertisers will be charged $12,490 for a four-color page. Discounts of 5%, 10% and 15% are available for three-time, six-time and nine-time schedules, respectively.

How compelling is career-oriented copy? Well, for publisher Stephen R. Edelen, it is compelling enough to spur a decision to enter the business world without leaving the campus. He is the founder of *CMA* and *Student*.

TeenAge, too, looks to college

In a change in editorial focus, *TeenAge* magazine, published nine times a year by Computer Publishing Services, Lowell, Mass., will set it sights singly on "college-minded women."

The change is the result of a readership study by TRU Research which showed that 86% of the readers were women and, of those, 76% either attend college or are planning to in the future.

When the magazine was launched four years ago, as *Highwire*, it sought to attract both male and female readers.

The new product will debut with the February 1986 issue.

Peoplexpressions to take off

PeopleExpress Airlines takes a step toward its competitors with plans to debut a monthly in-flight magazine, *Peoplexpressions*, in January. The magazine will be published by Halsey Publishing, which also puts out in-flights for Delta and USAir.

In the PeopleExpress spirit, the magazine will feature particularly innovative individuals or organizations. The 64-page, perfect-bound book will also feature articles on leisure, destinations, life in America, personal finance, art, sports and history.

National ad rates for the publication are $10,854 for four-color and $7,590 for black-and-white. The in-flight also offers a "destination" rate for locally placed advertising. To qualify, advertisers have to run at least three ads.

Clarifications

On the chart that accompanied *Science books search for the right formula* (October 1985, pg. 53), the rate base for *Scientific American* should have read 550,000. Also, the figure supplied for *Spectrum*'s median household income was from their 1983/84 Erdos and Morgan study. The most up-to-date figure, from their subsequently released report, is $52,500.

One dance magazine's modern steps

Ballet News, a monthly publication of the Metropolitan Opera Guild, has unveiled a new look designed for a modern blend of elegance and animation. And since the magazine is about dance, editor-in-chief Robert Jacobson is looking for more dynamics in its pictures. The new format also pays less attention to specific personalities and more to dancers rehearsing and performing.

Editorial coverage has expanded at the same time. Additional coverage highlights fitness, how dancers make up for performing, and how they maintain stamina.

Ballet News *will use dramatic pictures to express the excitement of dance.*

SALES PROMOTION

The year in coupons, 1986

After several years of new experiments in couponing distribution, it looks like 1986 will in many ways be "back to basics." The 1986 schedule of available co-op couponing distribution offers advertisers an unprecedented 226 national issues covering all 52 weeks of the year (see chart, page 33). They range from only one newspaper co-op during the last two holiday weeks of December to five weeks in 1986 when most U.S. households will receive seven different couponing offerings via newspaper or mail.

A closer analysis of how all this came about is really a study of supply and demand in the strange world of promotional (non–commissionable) media. The primary criteria for promotion that has driven the development of new distribution methods are as follows:

1. Flexibility and frequent availability.
2. Broad national circulation, including smaller markets.
3. Quality four-color printing.
4. Low cost-per-thousand efficiency.
5. Retail tie-ins/merchandising.

Co-op inserts with shared space by several couponers began in the late 1960's. It didn't get into full swing though until about ten years ago, when three companies were in the business with minimal circulations of 18 to 20 million approximately six-to-10 times a year. All inserts were, at that point, on Sundays.

Meanwhile, because retailers still placed the majority of their advertising in weekday (Best Food Day) issues of the local newspaper, and because there was a need for shorter closing date coupon programs, Marketing Corporation of America introduced Newspaper Co-op Couponing. This was a black-and-white co-op ROP page (more or less) on Best Food Days. It wasn't long before a few entrepreneurial souls figured the colorful Sunday inserts and the merchandising opportunity of Best Food Day, when paired, were the best of both worlds.

So, a few former salesmen from Blair Marketing started Adserts, a four-color free-standing insert (FSI), primarily on weekdays. Their effort failed and MCA picked up the ball, making their company the fourth major factor in the FSI business and the only weekday FSI option.

COUPON DISTRIBUTION GROWTH

	Dist. (billions)	% Growth /yr.
1981	102.4	+ 13%
1982	119.5	+ 17%
1983	142.9	+ 20%
1984	163.2	+ 14%

Pursuing a goal of broader circulation, a small Kansas company called the Sunflower Group introduced black-and-white ROP newspaper co-ops in smaller, C and D county markets. A few years later the same organization expanded to major markets, directly competing with MCA's NCC program.

One less predictable entry came as a result of the acquisition of Advo System, a Hartford-based mass mailer, by John Blair & Co. Blair introduced Network Mail, a four-to-eight page outerwrap stuffed with retail circulars with a national circulation of over 48 million. Unlike the FSI's, Network Mail boasted coverage of many markets in excess of 90%.

In pursuit of the ultimate relationship of retail and manufacturer advertising, Blair/Advo promoted tie-ins and potentially improved feature activity. Blair set out to produce more Network Mailings than Blair Inserts in 1985, but ended up with less Network Mail than planned, and felt the need to add insert dates.

In 1986 the situation has reversed itself. According to John Blair Marketing's new chairman, Ed Fuhrman, the company will run 20 Sunday newspaper FSI's and only 14 Network Mail dates (six fewer than 1985).

Donnelley Marketing continues to be the major factor in co-op direct mail with their Carol Wright envelope scheduled nine times in 1986 with a distribution in over 350 markets for a 30 million circulation total. Carol Wright's envelope offers one marketing opportunity that the FSI's can't — insertion of small, free-sample packets for instant coffee, shampoo, etc.

However, direct mail, which traditionally has been the highest cost per thousand couponing media, is coming under close scrutiny. This is because direct-mail redemption rates seem to have come down over the last few years. According to A.C. Nielsen, national averages for direct-mail coupon redemptions were 11.6% in 1981, but fell to 8.1% in 1984.

Certainly the most optimistic and competitively aggressive plan for 1986 comes from the NCC division of MCA, up in the nation's unofficial capital of sales promotion, Westport, Conn. Their first major move was to switch their newspaper inserts from Best Food Day to Sunday, meaning, of course, that they would be giving up their weekday advantage over, and most notable difference from the other three FSI's: Valassis, Product Movers and Blair.

There were a lot of advantages to the weekday position. According to their own literature, 80% of all supermarket

sales occur Wednesday to Saturday and 66% of all retail advertising runs on Best Food Day.

But weekday inserts had problems. Many major papers like the *New York Times* and *Daily News* couldn't run them on weekdays, so New York area product and promotion managers viewed MCA's inserts in the same light as the others. But more importantly, Nielsen's 1984 report showed weekday FSI redemption rates at 4.2% versus 4.5% for their Sunday counterparts. Additionally, *Progressive Grocer*'s 1985 report on grocery shopping shows Sunday becoming more popular, doubling from 5% to 10% in only a year.

The 1986 schedule of available co-op couponing offers an unprecedented 226 national issues throughout the year.

Futhermore, for a key growing segment of the population, working women, Sunday ranks as the third most popular shopping day, behind only Saturday and Friday.

NCC's total package for 1986 offers advertisers the ultimate in flexibility — black-and-white space 52 weeks a year in up to 938 markets, with a total circulation up to 65.2 million, or three out of four homes in America.

It appears at least that the supply side of the industry is bullish on couponing for 1986 and beyond. What about the manufacturer and the retailer? Only time will tell, but optimistic planning is, more and more, reaching for ways of standing out from the crowd with more creative overlays and group promotion spectaculars while finding ways to be more efficient by using lower face values or seeking compatible partners to share costs. *Russ Bowman*

1986 SCHEDULE OF NATIONAL CO-OP COUPONING

	FREE STANDING INSERTS				ROP NEWS		DIRECT MAIL		TOTAL
WEEK OF	Valas	NCCSun	ProMov.	Blair	NCC	Sunfl	CarWrt	NetM	
1/5	X	X			X	X	X		5
1/12	X		X		X	X		X	5
1/19		X		X	X	X			4
1/26	X		X		X	X			4
2/2	X	X			X	X		X	5
2/9		X	X	X	X	X			5
2/16	X				X	X			3
2/23		X	X	X	X	X			5
3/2	X		X		X	X	X		5
3/9		X		X	X	X			4
3/16			X		X	X		X	4
3/23	X	X			X	X			4
3/30				X	X	X			3
4/6	X	X	X		X	X			5
4/13				X	X	X	X		4
4/20		X	X	X	X	X			5
4/27	X	X			X	X		X	5
5/4		X		X	X	X	X		5
5/11	X		X		X	X			4
5/18	X	X	X	X	X	X		X	7
5/25					X	X			2
6/1				X	X	X			3
6/8	X	X			X	X			4
6/15			X	X	X	X			4
6/22	X	X	X		X	X	X	X	7
6/29	X	X	X		X	X			5
First Half Total	14	15	13	11	26	26	5	6	116
7/6					X	X			2
7/13	X	X	X		X	X		X	6
7/20				X	X	X			3
7/27	X	X	X		X	X	X		6
8/3					X	X			2
8/10	X		X		X	X			4
8/17		X		X	X	X			4
8/24	X	X	X		X	X		X	6
8/31					X	X			2
9/7	X		X	X	X	X			5
9/14	X	X	X		X	X	X	X	7
9/21				X	X	X			3
9/28	X	X	X		X	X		X	6
10/5	X			X	X	X			4
10/12	X	X	X		X	X	X	X	7
10/19				X	X	X			3
10/26	X	X	X		X	X		X	6
11/2	X		X		X	X			4
11/9		X	X	X	X	X			5
11/16	X	X	X		X	X	X	X	7
11/23					X	X			2
11/30	X	X		X	X	X		X	6
12/7		X	X	X	X	X			5
12/14	X				X	X			3
12/21					X				1
12/28					X				1
2nd Half Total	14	12	13	9	26	24	4	8	110

Compiled by Russell D. Bowman

No rest on Sundays in the magazine field

Gannett's bullish launch of *USA Weekend* has the field in flux. *Parade* and *USA Weekend* now are crowding each other in major markets, while the Sunday Magazine Network flexes to keep business and independents upgrade and form new regional networks. Advertisers remain wary. The field, they say, is difficult to segment, and mass coverage is still far too costly.

The Sunday magazine field used to resemble more a croquet outing than a football game. Not anymore. This Sunday season is marked by the mad scramble of an extended broken play. The opponents keep changing shirts, putting on fancier moves, hitting harder, and turning the corner toward more head-on collisions. And the game has just begun.

The shaker is a flashy new quarterback, *USA Weekend*. It is Gannett's replacement for *Family Weekly*, a syndicated Sunday magazine that Gannett bought from CBS about eight months ago which had served mostly small-town papers. Gannett is setting up confrontations by moving *USA Weekend* into the major urban markets which have long been the province of industry leader *Parade*, the syndicated Sunday magazine owned by Conde Nast. Also threatened is the Sunday Magazine Network, an organization of 48 local Sunday magazines for which Metropolitan Sunday Newspapers Inc. (Metro) sells national ad space.

The repositioning of *Family Weekly* has sent all three groups to the chalkboard. Their new marketing plans put them in more direct competition than ever before. They're redrawing circulation profiles, changing prices and forming new packages. Some local newspapers are adding to the confusion by upgrading magazines or forming new regional networks.

"I would be concerned about using last week's data," says Irwin Srob, an associate media director who studies the field for Saatchi & Saatchi Compton Inc. He's not alone. Joe Magier, supervisor of print media at SSC&B, finds it harder now to sell clients on the Sunday field because its circulation no longer seems stable. Dan Pearson, media director at R.J. Reynolds, finds it "more difficult to segment the Sunday field. We no longer have clear delineations between *Parade* and *Family Weekly/USA*. We may have to change our usage strategy."

Steven Begleiter

Gaulke, president of Gannett Media Sales, sells USA Weekend *in combination with other Gannett media.*

Clear coverage delineations have been crucial for the field. Advertisers who need color and "announcement value," explains Allen Banks, Dancer Fitzgerald Sample executive vice president and director of marketing services, have sought Sundays as a "tactical device" for unduplicated mass reach. For example, Pat Kane, director of advertising at Beatrice U.S. Food, has traditionally put coupons and new product announcements in *Parade, Family Weekly* and Metro papers to reach different household groups in different regions. "We could always build a program nationally without a lot of duplication," he attests.

Not anymore. The confusion began when Gannett plucked *Family Weekly* and its 13 million circulation out of the CBS lineup for $42.5 million last April. Gannett's first move was to transform what John Morton, a newspaper analyst at Lynch, Jones & Ryan, calls "a cornpoke effort" into a dead ringer for its pioneering national daily newspaper, *USA Today*. The prototype for *USA Weekend* showed a similar

eye-catching logo and punchy, timely editorial content. At least one observer called the move "the marketing coup of the century."

It wasn't long, though, before other onlookers asked, "For whom?" Gannett's power had a disadvantage. At least 168 *Family Weekly* smalltown carriers refused the new product, fearing that their readers would settle into the style of *USA Weekend* and come to prefer *USA Today*.

Parade has picked up some 150 *USA Weekend* defectors, according to Carlo Vittorini, the magazine's president and publisher. In the process, *Parade* has gained four million circulation in the more rural C and D counties, where Vittorini has wanted sizeable distribution for some time.

But *Parade*'s circulation pickup pushed its circulation over 30 million — too big for many advertisers — and forced Vittorini to offer the magazine "in bits and pieces." Now advertisers who don't need or don't want to ante up the $289,400 for a full-run, four-color page are offered *Parade A*, half the circulation at half the price. Or they can buy *Parade 100*: 26.9 million households in the top 100 tv markets for $255,000. Or they can pay premiums for different regional distributions. New is the chance to buy *Parade Countryside*, which delivers four million circulation for a cost of $37,650.

"At the big-ticket rate *Parade* was asking, it was just unaffordable," says Howard Nass, senior vice president/media manager at Cunningham & Walsh, Inc. "Now that it's become competitive with magazines," Nass, for one, will "take a harder look at it."

Gannett is showing its best face over the matter. So much so that *USA Weekend*'s president, Ray Gaulke, who is also president of Gannett Media Sales, now claims the initial circulation loss as a kind of triumph. "We weren't about to stay in the C and D counties," he says. New carriers include such major markets as Denver and Chicago. According to *USA Weekend* data, 84% of the magazine's 12.7 million households are now in A and B counties.

All it took was one look at the Gannett prototype for Tucker Sutherland, president of newspaper operations at Harte-Hanks Communications, to spot

DAILY NEWS
PARADE
The Loves And Hates Of George C. Scott
An Interview By Cleveland Amory
INSIDE: Secrets Of Glamour By Elizabeth Guyer

Michael Melia

Parade *president and publisher Vittorini prints local magazines and binds them into* Parade.

"a window of opportunity" in the rural areas Gannett would leave behind. He created a network around a spunky new magazine all about and for Texans. *Texas Weekly* currently reaches 562,000 households through the 13 Harte-Hanks papers as well as 11 others. Other papers around the country hope for regional networks, says Metro president Sterling "Bud" Dimmitt, whose staff has taken on the "mission to help anyone who wants to start a Sunday magazine."

Metro has a mission, but advertisers need a reason to buy. Harry Glass, senior vice president and media manager at Bozell & Jacobs, Inc., for one, is "skeptical about the quality" and the uniqueness of coverage that regional network products will deliver.

"Nobody wants to pay premiums for less than national circulation," echoes Doyle Dane Bernbach executive vice president Mike Drexler. "We have so many other regional options. Advertisers feel they get greater targeting from special-interest magazines."

Also, budget-minded advertisers have a friend in Gannett. To start with, *USA Weekend*'s $105,000 four-color page rate and $8.08 CPM are the lowest now in the field. Big-ticket advertisers are lured with frequency discounts called partnership plans that approach half price. And there are discounts through combination buys with *USA Today* and Gannett Outdoor, as well as a multi-buy that adds in the company's Four-Color Network and newspapers in three major markets.

Gannett's eye-catching presence and effort count more than its actual packages to Bob Giacomino, senior vice president and group media director at Grey Advertising. In truth, he feels, Gannett's multi-media packages may be "intimidating" to advertisers because "very few have the brand or product diversification to warrant a multi-media buy" and many find it hard to coordinate divisions.

But advertisers aren't intimidated by bargains. Gannett's price breaks have big spenders like Ford Motor Corp. listening — and buying. According to Sheldon C. Jones, vice president and media director at Ford's corporate agency, Wells, Rich, Greene/Detroit, the high out-of-pocket cost of Sunday magazines had made them a medium for Ford to avoid. But the partnership plan "was an offer we couldn't refuse," he says. "We got an awful lot of pages for what we paid, and the magazine is affiliated with Gannett."

Parade isn't just watching from the sidelines. Last month, with 22% more revenues since the *USA Weekend* fumble, Vittorini cut *Parade*'s previously published CPM by 16% — from $11.16 to $9.38 per thousand. The

four-color page rate dropped by 14%, from $334,000 to $289,400. In place of a potentially confusing series of product discounts, Vittorini substituted corporate discounts that can cut advertiser costs by as much as 18%.

Call Gannett his competition, though, and Vittorini fumes, "We're not competing with them. They're 12.7 million in circulation while we're 30 million. We're competing with magazines, and with broadcast." Interestingly, Gannett's Gaulke cites the same "brand-building" advertising targets — "magazine money, broadcast money" — for *USA Weekend*.

Able to trim CPM only six cents, to $10.66, Metro answered with a simpler, more flexible sales structure. Metro used to require advertisers to choose between two groups of papers with optional additions, or buy space in individual papers at a premium. Starting January 1, advertisers who don't need all of Metro's 44 regular primary magazines can run in any 30 for a modest premium over network rates, with no charge for market-tailored copy. The new Metro, says former marketing director Linda Vaughan, realizes that "most marketers have business that skews more heavily to one market or another." Vaughan isn't sticking around for the sell, though. As Metro geared up in late October, she left her 10-month-old assignment to return to Gannett as vice president/marketing manager, Gannett Media Sales.

Since Gannett is courting new papers as fast as it's hustling new advertisers, next year may find Gannett and *Parade* squaring off in more and more markets. "Gannett's after mass circulation," says John Morton. "They're grabbing it anywhere they can."

To hear Gaulke tell it, *Parade* carriers aren't off limits. He won't reveal which papers, but affirms, "We're now talking to every major newspaper with a Sunday edition. The realignment has certainly not yet been completed." To make *USA Weekend* as attractive as possible, Gannett gives carriers ads and promotion money and lets papers which publish their own Sunday magazines deliver *USA Weekend* on Friday or Saturday.

Parade responded with a creative arrangement called *Parade Tandem*. Participating newspapers save on production by having their magazines printed by *Parade* and enclosed in the national magazine, while continuing to sell their own space. Unfortunately for Metro, by January 1 at least two of its papers — the *Houston Post* and the *Atlanta Journal & Constitution* — will be running *Parade Tandem*.

And to think it was only a year ago that *Parade* and *Family Weekly* pitched jointly against competing media. Meanwhile, Metro and *Parade* started honoring advertisers' requests to drop one of the magazines in markets where they overlap — Metro at no cost, *Parade* at a premium. *Parade* and *Family Weekly* had rallied around a presentation from Metro designed to lure packaged goods advertisers and heavy couponers away from tv.

Combination selling is the last play on Gannett's chalkboard, however. "Our strategy," Gaulke explains, "is to sell *USA Weekend* as a stand-alone media buy." And while the company does post a regional rate card, salespeople openly discourage regional market handpicking.

Those resolves have led to some problems for Metro. Gannett made *USA* attractive enough to give many newspapers second thoughts about continuing their local Sunday magazines. Major market papers in Metro's bread-and-butter "Primary" network — the *Phoenix Arizona Republic* and the *Indianapolis Star* — eyed their balance sheets and opted for the security of *Parade*. Then the six Gannett papers in Metro's lineup added *USA Weekend*.

Those decisions stung Dimmitt, the intense president who had just begun to turn around Metro's operation. "There's no question: This place wasn't selling," Dimmitt admits. "The sales staff had been here for 15

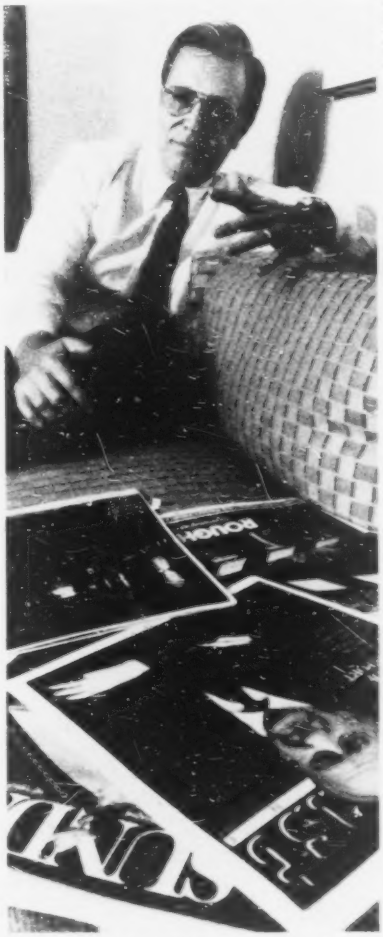
Continued on page 120

Before the Game Changed: National Pages Ad/Revenues Matchup

	1981		1982		1983		1984		Jan-June 1985	
		(millions)								
	pgs	revs	pgs	revs	pgs	revs	pgs	revs	pgs	revs
PARADE	829	142.3	796	157.3	744	172.3	640	157.3	317	89
FAMILY WEEKLY (new USA Weekend)	991	102.1	886	101.4	814	102.5	693	100	302	46.5
METRO* (Sunday Magazine Network	420*	154	330*149		300*144		287*146		120*70	

*Represents a national pages average. Metro member papers. Local retail advertising is handled by individual members.

SOURCE: Advance Publications, Inc.; USA Weekend: Metropolitan Sunday Newspapers, Inc.



Larry Barns

Metro president Dimmitt offers 30-market packages from a 44-market total.

stand much of a chance using this standard. Does this mean that viewers of less informational shows are less likely to "see" or pay attention to their commercials? Perhaps, but I'd like to see some meaningful validation based on specific programs or program types with comparable commercials before accepting this premise.

A lot of ad agencies subscribe to Simmons, but they use it primarily for magazine audience data, reach/frequency comparisons and product usage data. The Simmons tv findings — both the quantitative and the qualitative — are often ignored. TVQ is rarely subscribed to by agencies these days, even when they are actively involved in major negotiations.

This is a mistake. Advertisers should encourage those who oversee their media activities to check out these already existing qualitative surveys, using them when the information is relevant. Then, perhaps, other measurements such as Television Audience Assessment's "appeal" and "impact" scales can be put into proper perspective and employed more effectively. ■

MAGAZINES
By DAN HODGES
Media planner,
BBDO/New York

The single-copy slide

The decline of magazine newsstand sales has been an ongoing trend since the start of this decade.

Eroding sales levels can best be illustrated by examining the top 10 1984 newsstand circulation publications.

Imagine a highway of magazines, which extends 37.8 thousand miles. On that highway you will see 228 million copies of assorted titles, which sold on the newsstand in 1980, but *not* in 1984. Imagine this, because you could wrap this highway 4.8 times around the earth. That's amazing.

Since newsstand sales represent a magazine's greatest strengths — profitable circulation and reader interest — this downward trend is a concern for the advertising community. The advertiser must wonder how the loss in revenue will affect the publications which comprise his/her advertising schedule.

Over the past five years, there's been a great deal of newsstand fallout, but *TV Guide* leads the top 10 magazines with newsstand erosion of 148 million fewer copies sold in 1984 vs. 1980. This translates to 65% of the single-copy sales decline that we've seen since 1980 for just the top 10.

Why has *TV Guide* lost so many single-copy sales? Probably because its audience has more alternatives than it

Some of the smartest media buyers buy the Beacon Journal

Talk to somebody who really understands the Cleveland ADI, Jim Pockmire, Senior VP Media, Wyse Advertising, Cleveland:

"The Cleveland ADI is unusual because it consists of several sizeable cities — Cleveland, Lorain, Canton and Akron. The Cleveland television stations cover the ADI.

"But there's no single newspaper that blankets the area. If you're using newspapers, the typical approach of thinking in terms of one paper per market just won't work. While the Cleveland paper gets 35% coverage of the ADI, it's very lopsided coverage — it gets 62% of the Cleveland metropolitan area and only 5% of the balance of the ADI. By buying the Akron Beacon Journal, you pick up a substantial part of the balance, because it has 60% coverage daily and 77% on Sunday in the Akron MSA.* And you're not paying for duplication of readership, either."

Look At What You're Missing Without the Beacon Journal

There are 570,000 adults in the Akron Newspaper Designated Area. That's a lot of buying power. The Beacon Journal can deliver the Akron market with little or no duplication. Write us for details.

Beacon Journal

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EXHIBIT I
Top 10 Newsstand Magazines
Total Annual Single-Copy Sales (000)

	1980	1981	1982	1983	1984	1980 vs. 1984 #	1980 vs. 1984 Index
TV Guide	596	558	485	471	448	– 148	75
Family Circle	127	126	122	121	114	– 13	90
Woman's Day	114	103	104	104	99	– 15	87
National Enquirer	236	214	240	230	216	– 20	92
Penthouse	50	48	44	39	39	– 11	78
The Star	172	173	195	187	169	– 3	98
Cosmopolitan	33	32	32	33	32	– 1	97
Good Housekeeping	22	22	23	24	22	–	–
People Weekly	24	23	23	21	21	– 3	100
Playboy	36	33	26	23	22	– 14	61
Total	**1,410**	**1,332**	**1,294**	**1,253**	**1,182**	**– 228**	

Source: Audit Bureau of Circulations

had five years ago. Most Sunday as well as daily papers include their own tv listings, in the form of a magazine or tv supplement, and cable tv penetration has increased greatly in the past five years, thereby contributing to the increased use of cable guides.

EXHIBIT II
Next 20 Selected Major Magazines Single-Copy Sales

	Index 1984 vs. 1980
Globe	108
Reader's Digest	77
Ladies Home Journal	123
New Woman	73
Redbook	80
McCall's	99
Better Homes and Gardens	77
Seventeen	73
Omni	50
Mademoiselle	123
Life	101
Self	138
Playgirl	69
Vogue	118
Time	77
Newsweek	75
Brides	111
Modern Bride	107
National Lampoon	48
Gentlemen's Quarterly	146

Source: Audit Bureau of Circulations

While the next nine top sellers have also lost at the newsstand, they have not been hurt as dramatically as *TV Guide*. The drop in single-copy sales can probably also be linked to the number of increased choices the consumer has at the newsstand.

When average single-copy sales are compared for 1980 and 1984, most magazines were down between 10% and 25%. Looking at the top 10 and beyond, the hardest hit magazines by newsstand erosion were *Omni* and *National Lampoon* — both down approximately 50% (see Exhibit II). Those magazines down approximately 25% or more from 1980 include *TV Guide*, *Reader's Digest*, *Seventeen*, *Time*, *Newsweek*, *Penthouse* and *Playboy*. The Seven Sisters and *People* were down around 10%. *Life*, the *National Enquirer*, *Star* and *Globe* maintained newsstand sales for the most part.

This is not to say that all single-copy magazine sales were down. In fact, for the more targeted women's magazines, they were up 10%. Major benefactors included *Cosmopolitan*, *Vogue*, *Glamour* and *Mademoiselle*.

Is the problem with magazines today that there are just too many titles and not enough time for people to read them all, or do people simply want to read *only* about their special interests?

The *Ayer Directory of Publications* reported 9,872 periodicals in 1976. In 1985, there were an additional 1,218 publications, for a total of 11,090. This 12% gain in nine years may support both the magazine "oversupply theory" and America's great attraction to special-interest publications.

Society has changed in the last several years and so have the needs of the magazine readers. There are many more titles that address certain segments of the population more directly than the mass books. Together these reasons may have contributed to newsstand erosion in the last five years.

Magazine representatives are quick to point out that the proof of the vitality of their magazines is shown each time the reader pays one or two dollars a copy. However, in the last five years, one quarter of a billion prospects voted against that proposition.

Magazines are a vital advertising medium. Editorial and graphic quality attract both readers and advertisers. Magazines that continue to change should continue to grow and be a service to both readers and advertisers. ■

TELEVISION
By DEBBIE SOLOMON
Media research supervisor,
Leo Burnett Chicago

Surviving the ratings game, 1975-1985

With the networks currently evaluating their fall 1985 prime time programs and planning winter replacement schedules, we thought it would be interesting to see how previous seasons' new shows fared. This column reviews the survival rates of new, regular series

"I simply said that HBR delivers more regular executive readers per dollar in the U.S. than any other publication."

Harvard Business Review

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prime time programs launched during the 1975-1985 seasons. Six factors were considered in relation to a show's success or failure. These factors were:

- network
- program type
- season of introduction (fall, winter, or spring/summer)
- day of the week aired
- time slot of program
- length of program.

The findings are based on all prime time programs that were defined by Nielsen as regular series. A program was considered "successful" if it returned for the following broadcast year. It must be noted, that some programs which returned in a subsequent year survived only a short time.

Overall findings

From 1975 to 1985, an average of 55 new programs debuted each year with about one-fourth of these surviving the "share wars" to return the following year. The actual number of new programs introduced each year has varied over the decade. The largest number of new programs (77) was introduced in the 1978/79 season and the smallest (40), in the 1980/81 season. Interestingly, 1980/81 also saw the highest survival rate — 32%.

New Regular Series
Prime Time TV Program Survival Rates by Program Type

Season Total	Comedy	Adventure Suspense/ Mystery	General Drama	Variety	Police/ Detective Series	Other
1975/76						
# new	21	4	11	9	9	3
% survived	29	25	9	22	33	0
1976/77						
# new	24	11	6	9	7	3
% survived	25	45	17	0	29	0
1977/78						
# new	21	5	11	6	3	10
% survived	10	40	18	17	33	25
1978/79						
# new	32	5	21	8	4	7
% survived	34	40	14	0	25	57
1979/80						
# new	23	5	12	6	8	6
% survived	22	20	25	17	38	50
1980/81						
# new	19	3	7	3	5	3
% survived	32	0	43	33	40	33
1981/82						
# new	18	2	9	5	7	3
% survived	28	50	33	0	43	0
1982/83						
# new	28	11	9	1	3	5
% survived	25	27	33	0	67	20
1983/84						
# new	19	7	12	2	3	6
% survived	16	57	10	50	67	0
1984/85						
# new	14	7	8	4	7	4
% survived	36	14	13	0	43	0
10 Season Total						
# new	219	60	106	53	56	50
% survived	26	33	21	19	38	22

Source: A. C. Nielsen, Household Tracking Report.

Network

On average, each network premiered 18 new shows per season, with three notable exceptions: NBC premiered a whopping 35 new shows during 1978/79 (Fred Silverman's first season at NBC) and CBS introduced a mere nine new shows during 1981/82 and 10 during 1984/85. Over the 10 seasons studied, NBC aired the most new programs (203) and had the lowest overall survival rate (20%). CBS aired the fewest new programs (185) and ABC enjoyed the highest survival rate (27%).

New Regular Series
Prime Time TV Program Survival Rates

	New Programs		
TV Season	# of Programs	# Returned	% Returned
10 Season Total	544	133	24%
1975/76	57	13	22
1976/77	60	11	18
1977/78	56	9	16
1978/79	77	19	25
1979/80	60	16	27
1980/81	40	13	32
1981/82	44	12	27
1982/83	57	16	28
1983/84	49	12	24
1984/85	44	11	25

Source: A. C. Nielsen, Household Tracking Report (HTR), all years studied.

NBC holds the record for the most erratic survival rates. It hit bottom in 1975/76 when such memorable programs as *Family Holvak*, *Fay* and *The Dumplings* premiered. None survived. The peacock's fortunes started to change in 1980/81 when *Hill Street Blues* was introduced and the survival rate went up to 33%. In the 1982/83 season, NBC achieved the highest survival rate of all three networks over all 10 seasons examined — 45%.

CBS also had an erratic survival record. It hit a low of 10% during the 1976/77 season (do the shows *Loves Me, Loves Me Not*, *Year at the Top* or *Keane Bros.* sound familiar?). However, the network rebounded to a high of 40% during the 1979/80 season when it premiered *Knots Landing*, *Trapper John, M.D.* and *Archie Bunker's Place*. CBS's survival rate went down after that.

ABC's survival rate was fairly consistent and above average except for the 1982/83 and 1984/85 seasons when it was 17 and 15%, respectively.

Program type

With 219 new programs over the past nine seasons, situation comedies are the most frequently produced prime time shows, comprising 40% of all new shows introduced. On average, 26% of these programs returned to the air the next season. The survival rate for comedies has fluctuated widely over the past dec-

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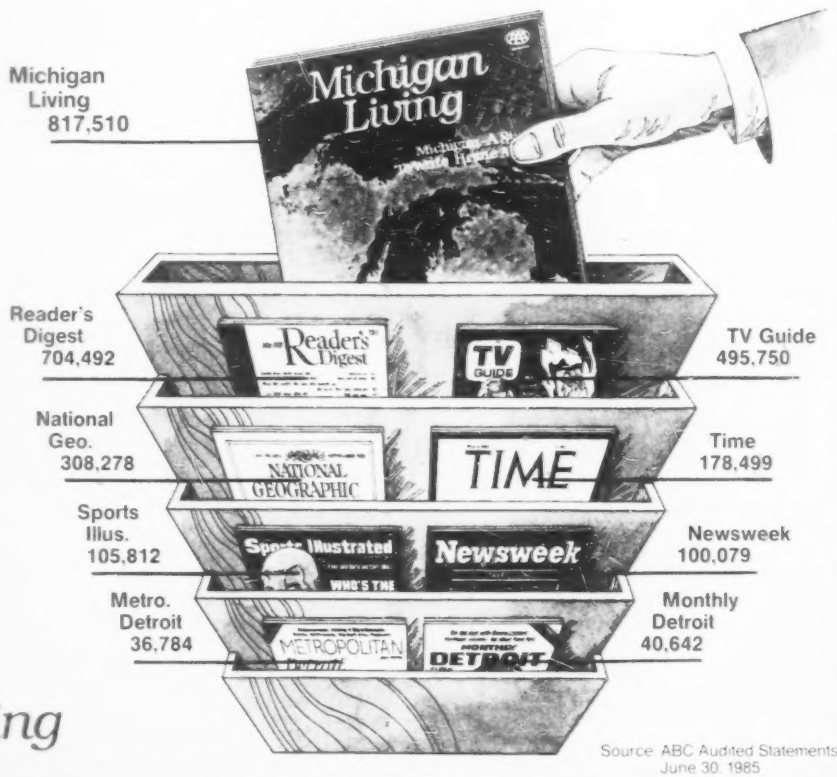

Source: ABC Audited Statements, June 30, 1985

The match was won by pointing out that 51.6%* of HBR subscribers are chairmen, presidents, managing directors, chief administrators and top managers."

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New Regular Prime Times Series Survival Rates by Season

TV Season	Fall # New	Fall % Returned	Winter # New	Winter % Returned	Spring/Summer # New	Spring/Summer % Returned
10 Season Total	212	27%	167	26%	165	19%
1975/76	27	19	18	39	12	8
1976/77	24	21	23	26	13	11
1977/78	20	20	20	15	16	13
1978/79	22	27	21	29	34	24
1979/80	23	30	10	20	27	26
1980/81	6	50	23	35	11	18
1981/82	13	31	19	21	12	33
1982/83	29	34	13	15	15	27
1983/84	25	24	13	46	11	27
1984/85	23	35	11	18	10	10

Source: A. C. Nielsen, Household Tracking Report

ade from a high of 36% in 1984/85 to a low of 10 in 1977/78. Although only two comedies survived in 1977/78, one was *Love Boat* which is the oldest surviving show for all 10 seasons in this study.

General dramas, which have accounted for roughly one-fifth of all new programs offered in the past 10 seasons, were the second most produced program type and had a survival rate of 21%. Among the more popular general dramas were nighttime soap operas *Dallas* (introduced in 1977 and the second-longest running show introduced during this 10 year period), *Dynasty* and *Falcon Crest*.

Police and detective series have shown consistently high survival rates and the 1982/83 and 1983/84 seasons had the highest survival rate ever — 67% — although the number of shows introduced in the category each year was low. Survivors included *Matt Houston* and *T.J. Hooker* in 1982/83 and *Mike Hammer* and *Riptide* in 1983/84.

Adventure and suspense/mystery programs had a 33% survival rate over the decade. This program type has increased in popularity over the past three seasons and saw its highest survival rate in 1983/84. This was the year *Hardcastle & McCormick*, *Airwolf* and *Blue Thunder* debuted in this category.

New Regular Series Prime Time TV Program Survival Rates by Network

TV Season	ABC # New	ABC % Returned	CBS # New	CBS % Returned	NBC # New	NBC % Returned
10 Season Total	176	27%	164	25%	204	20%
1975/76	17	35	20	30	20	0
1976/77	21	33	21	10	18	17
1977/78	19	26	17	12	20	10
1978/79	18	33	24	33	35	17
1979/80	20	25	20	40	20	15
1980/81	12	42	13	23	15	33
1981/82	17	24	9	33	18	28
1982/83	23	17	14	21	20	45
1983/84	13	38	16	25	20	20
1984/85	16	15	10	20	18	28

Source: A. C. Nielsen, Household Tracking Report.

Variety programs have the lowest overall survival rate (10%). It is interesting to note that in only one season, 1975/76, did more than one of the variety offerings survive (duos *Donny and Marie* and *Sonny and Cher*). There has been a general decline in the number of these shows since 1978/79.

Season

The number of new programs introduced each fall since 1974 remained fairly consistent until 1980/81 when the writers went on strike and only six shows were offered. Since that season, the number climbed with the 1982/83 season offering more new programs than any previous year — 29. Not surprisingly, the number of winter replacement offerings was down in 1982/83. The spring/summer season has been somewhat unpredictable, varying from a low of 10 new shows in 1984/85 to a high of 34 (the largest number of programs introduced in any season) in 1978/79.

In the past, fall and winter survival rates have tended to be higher than spring/summer survival rates. However, in 1981/82 through 1983/84, the spring/summer success rate has risen. This reflects the fact that the networks have been testing more of their new season shows as regular programs in off season prior to the new season.

Which night had the highest survival rate varied from year to year. In recent years a show that aired on Thursday evening showed the best chance for success. Wednesday had the most overhauling this season with six new introductions for 1985/86.

Summation

It must be remembered that program success or failure has become an increasingly relative statistic. With network shares down over the past few years, "hit" shows have become harder to define. Because of this, it has become necessary for the networks to lower their renewal share requirements. The programs considered successful in the 1984/85 season can be defined as those shows receiving a relatively greater share of a smaller audience. The 1984/85 season's 75% mortality rate for new prime time programing must be viewed in this context. ■

NEWSPAPERS
By LAURIE DAVIS
Associate media director,
Smith, Burke & Azzam, Inc., Baltimore

Sunday comics: not to be taken lightly

Over the years, we have seen innovations in almost every form of media: 30-second commercials, 15-second commercials, checkerboard ad units in magazines, electronic applications in outdoor. Newspapers are perhaps the only media form that remains practically unchanged over the last 50 years.

The newspaper industry has faced severe criticism for not evolving into an '80's medium which flexibly responds to the changing needs of the marketplace. Consequently, advertisers buying newspapers are beset with a variety of problems — the enormous logistical ones in trying to place such a national buy, inadequate market coverage, rising costs and a lack of creativity and/or flexibility of ad sizes, to name but a few. None of these problems has been adequately addressed.

The heart of the matter is attitude. Newspapers themselves do not appear to be as concerned about their fate as are we who use the medium. There exists an unwillingness to see into the future and, more importantly, to prepare now for the media environment of tomorrow.

In the current environment, an advertiser could easily turn away from newspapers altogether, at worst, or view newspapers as a necessary evil,

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"What really impressed them was that 94.3%* of HBR subscribers are managers and professionals."

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at best. Despite all this, newspapers remain a valuable selling commodity. They can offer immediacy, local appeal, next day results — attributes not easily ignored.

There is, however, one bright spot on the newspaper horizon: Sunday comics. Sunday comics are the most under-utilized advertising space in newspapers today. This is especially significant since studies indicate that Sunday comics are read even before the front page and are frequently the first section people turn to in the Sunday paper.

It is true, of course, that certain advertising strategies are not appropriate for the funny pages. Nevertheless, an understanding of the comics reveals a highly versatile newspaper execution.

Comics offer advertisers the benefits of newspaper advertising without the pitfalls mentioned above. They offer, for example:

A national network: Over 250 papers can be purchased locally, regionally or nationally through the two leading rep firms, Puck and Metro Comics. The opportunity to design customized regional programs is a rare find in the newspaper field.

Convenience: As rep firms, Puck and Metro Comics can coordinate a national buy with one phone call (and one piece of artwork). Labor and material costs are enormously reduced.

Cost efficiency: A full page in comics costs between 20%-to-50% less than any other section of the paper. And that's matching four-color against a black-and-white page.

Creativity: Besides the standard units, Sunday comics offer a variety of unusual ad sizes. These opportunities are similar to those offered in many magazines.

Yet despite these significant advantages, many advertisers wouldn't even consider using the comics. Why? Perceptions, probably. Lack of knowledge of the facts, definitely.

The objections

1. ***The "Comics have no significant value" argument.*** Beginning with "The Yellow Kid" back in 1890, comics have provided ongoing entertainment for the masses. However, for the past 40 years or so, comics also have become a poignant socio-political commentary. Current strips such as "Doonesbury" and "Bloom County" are rife with political satire, while "Cathy" embodies idiosyncrasies of the '80's woman. Psychologists and social critics alike have concluded that comics mirror the American lifestyle as well as any novel. Comics are an animated history of social and economic change.

2. The "Readers are merely entertained and show no real editorial involvement" argument. If this true, why are millions of dollars being spent on "Garfield" paraphernalia?

3. ***The "Comics' readers are mostly young people" argument.*** While it is true that comics have a strong audience among the 12- to 17-year-olds, households *without* children showed a higher readership incidence of comics than households with children!

	With Children	Without Children
	Index	Index
Age 18-24	93	128
25-34	89	112
35-49	103	109
50-64	133	101

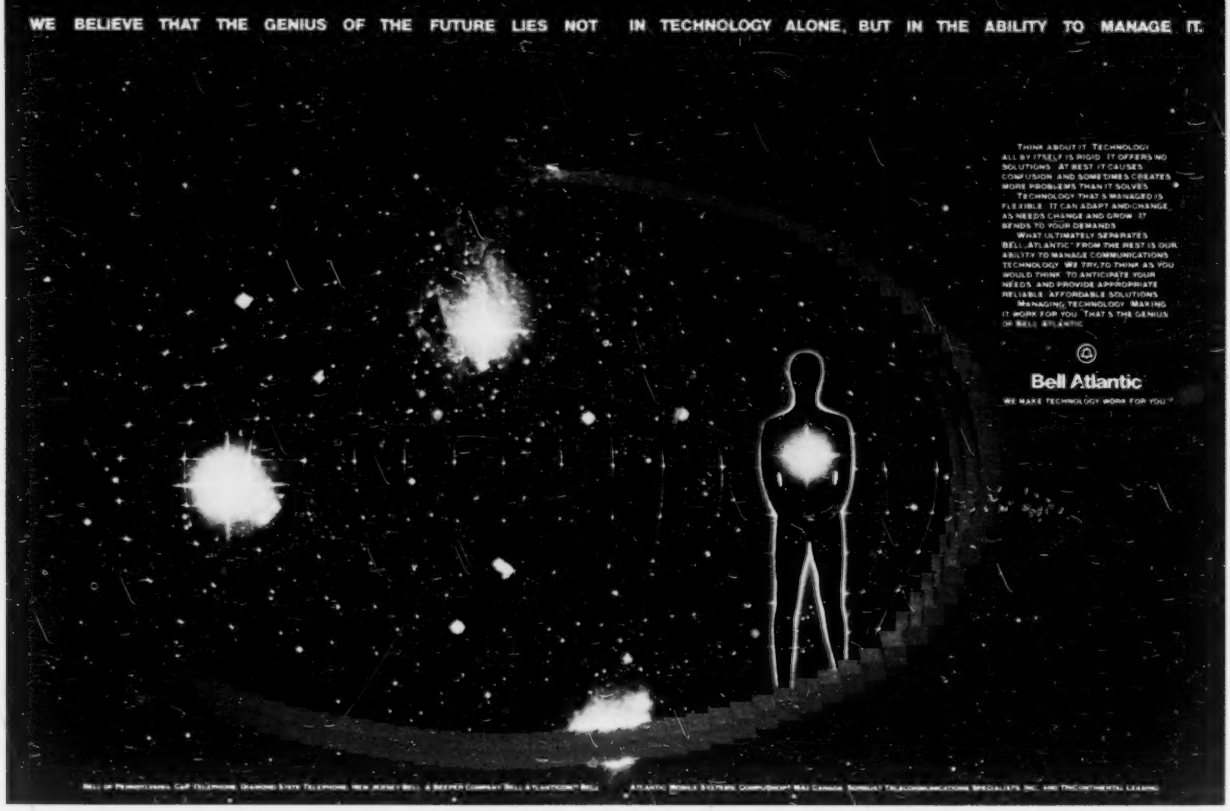
* MRI Spring '85

In upscale households, comics performed well ahead of the regular Sunday newspaper.

	Comics	Sunday Paper
	Index	Index
College Attended	127	108
College Graduate	122	118
HH Income 50-plus	135	118
HH Income 100-plus	195	120

* MRI Spring '85

With everything going for them, there is still one important consideration — will comics produce results? The outcome, naturally, is highly dependent on the advertising's concept and creative execution. However, preliminary testing for retail clients, in particular, indicates comics will perform as well as, if not better than, the same ad placed in another section of the paper. Considering cost efficiency and the ease of national execution, Sunday comics offer a tangible solution to the newspaper dilemma. ■


WE BELIEVE THAT THE GENIUS OF THE FUTURE LIES NOT IN TECHNOLOGY ALONE, BUT IN THE ABILITY TO MANAGE IT.
THINK ABOUT IT. TECHNOLOGY ALL BY ITSELF IS RIGID. IT OFFERS NO SOLUTIONS. AT BEST, IT CAUSES CONFUSION AND SOMETIMES CREATES MORE PROBLEMS THAN IT SOLVES.
TECHNOLOGY THAT'S MANAGED IS FLEXIBLE. IT CAN ADAPT AND CHANGE AS NEEDS CHANGE AND GROW. IT BENDS TO YOUR DEMANDS.
WHAT ULTIMATELY SEPARATES BELL ATLANTIC FROM THE REST IS OUR ABILITY TO MANAGE COMMUNICATIONS TECHNOLOGY. WE TRY TO THINK AS YOU WOULD THINK. TO ANTICIPATE YOUR NEEDS AND PROVIDE APPROPRIATE RELIABLE, AFFORDABLE SOLUTIONS.
MANAGING TECHNOLOGY. MAKING IT WORK FOR YOU. THAT'S THE GENIUS OF BELL ATLANTIC.
Bell Atlantic
WE MAKE TECHNOLOGY WORK FOR YOU.™

Brand Report 128:
Telecommunications

Opportunity calling

The break-up of AT&T spawned a host of new companies. In addition to forging new identities and ventures for themselves, all of them are marketing furiously for your dial-tone business.

"It's a very different world than it once was," muses a spokesperson for American Telephone & Telegraph. It's a simple statement but, for the local and long-distance phone companies, it speaks volumes.

The reason? The same explanation has topped everybody's list since deregulation became effective January 1, 1984: competition. "There really was no competition in our industry before 1968," explains Jack Sommars, director of financial communications for US West, referring to the first hint of a challenge to AT&T's dominance. "Now you're seeing competition in virtually every aspect of the business. There's no guarantee of survival anymore — the days of the monopoly are gone and it's a cold cruel world out there."

Now, as the start of 3 A.D. (After Divestiture) approaches, one of the fiercest marketing battles in American business is in full swing. Before the phone lines untangle, it will have affected everything from the local rates of the U.S.'s 160-200 million phone sets, to just who carries who's long-distance calls, to the kinds of services a phone company can and can't provide.

On one side of the coin, says John Bain, an analyst at Shearson Lehman/American Express, "There is a growing suspicion that this thing has been a terrible error." He, of course, refers to the divestiture that created a big long-distance company, seven regional holding companies, 22 local operating companies, and scads of consumers feeling like they need a degree to understand it all. But there are others, himself included, who take the attitude, "It's too late, folks. You've

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57.1 Wrote visited an elected official
54.7 Took active role in a civic social issue
27.5 Worked for political party candidate
21.3 Wrote phoned radio TV station
20.2 Wrote to editor of newspaper magazine

Average number of activities participated in, 5.4.

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Call or write:
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Indianapolis, IN 46268
(317) 875-8755

opened up Pandora's box and you'd better make the best of it."

Once able to hide behind the skirts of Ma Bell, letting her set the marketing course and dole out the dollars to implement strategies, the seven regionals are now fending for themselves. They are going up against local competitors and, in some cases, one another.

Meanwhile, in the long-distance service market, AT&T is plugging in its full marketing power against its only real competitors, MCI and GTE Sprint. In addition, all sorts of equipment marketers are mixing it up in an attempt to capitalize on growing opportunities in the industry.

"We're not the only game in town now," says William Harral, assistant vice president of marketing operations at Bell Atlantic. "But," he adds, with a note of exhilaration, the change "offers entrepreneurial opportunities beyond just the POTS — plain old telephone services."

While the change has undoubtedly sharpened the marketing skills of the long-distance companies, it has made sophisticated marketers out of the Seven Dwarfs, a.k.a. the regional holding companies and their subsidiaries. Each now follows a highly segmented marketing plan, so much so that within each regional family the parent's strategy is usually quite different from the units'.

The scenario most follow is for the holding company to have its own corporate campaign, often directed largely at a business audience. Its local-service units may apply the corporate theme in some way to their advertising, but for the most part they generate their own campaigns suited to their market's needs. In addition, the structure of the locals' marketing organizations deems that the marketing/advertising positions be held by separate employees. Beyond that, the business and residential markets are broken out, too, with separate staffs of their own.

"Outsiders see us as carbon copies of one another," says US West's Sommars. But the regionals are creating distinct personalities for themselves. This not only shows up in their corporate advertising but also in the businesses they are going into. A number of them have communications-related units: Yellow Pages or phone equipment companies, for example. Some, however, are braving new frontiers. NYNEX, for instance, has a real estate unit; Southwestern Bell is trying to create an ad agency unit; and US West has a communications consulting company with offices in 30 cities.

Though they insist it isn't so, there is a fear that the Bell companies will concentrate on these ventures and their more profitable business customers, and neglect the concerns of their small residential users.

Residential users have already felt the pinch of higher local bills due to the divestiture. For years, "universal service" — making sure that everybody everywhere had affordable local service — was a priority. The cost of providing it was subsidized by high long-distance rates.

Now that the locals are in a competitive situation (there are an estimated 1,400 phone companies out there vying for pieces of the pie), they are charging different rates to different locales. The concept is called "local measured service" — a new way of dealing with an old market.

"Now you're seeing competition in virtually every aspect of the business. There is no guarantee of survival anymore . . ."

Looking to the future, the phone companies want to reap the benefits of computerized equipment they use to provide phone service by moving into information services. Only the regulators hold them back. One of those that has earned a regulatory okay is ISDN (integrated services digital network), a service that will permit the exchange of voice, data and images on a single line. It may be available to companies next year.

"We're going through an industrial revolution now in telecommunications technology," exclaims Donna M. Jaegars, a PaineWebber analyst. "You're going from an old adding machine to a brand new calculator." And though large businesses will be the only buyers of these techno-marvels for the next five to ten years, she notes, eventually costs will fall and the new technology will filter into most of our lives.

Telecommunications Industry Media Expenditures for 1984 (000)

Company	Total	Mags	Net TV	Spot TV	Outdoor	Newspaper	Net Radio
AT&T (Communications)	$276,000.0	*	*	*	*	$58,200.0	$2,470.2
MCI	35,784.5	625.2	–	31,827.0	21.1	3,490.6	.634
GTE Sprint	33,963.4	1,190.0	6,231.0	14,962.8	–	10,848.2	1,001.4
-Local Service-							
NYNEX	27,383.0	3,356.9	–	11,557.3	45.2	11,781.2	–
Ameritech	22,385.9	2,640.4	–	8,476.0	483.6	10,550.8	12.8
Pacific Telesis	21,570.2	3,184.1	–	14,565.3	0.4	2,570.9	1,349.5
BellSouth	20,550.4	3,902.7	–	8,747.1	0.7	7,259.9	640.4
Southwestern Bell	16,380.4	268.0	–	12,948.9	155.9	2,711.1	–
US West	15,412.6	2,383.2	–	7,536.0	40.3	5,553.1	–
Bell Atlantic	12,812.2	527.3	–	4,502.4	–	6,251.5	1,531.0
-Cellular Phones-							
Motorola	7,963.4	2,378.6	–	–	144.2	4,050.0	1,390.6
NEC	865.0	–	–	–	–	690.7	174.3
OKI Electric Industry	227.9	214.3	–	–	–	22.7	36.6
General Electric	191.0	56.8	–	–	–	–	134.2

* Breakdown not available

Sources: AT&T: Leading National Advertisers; Newspaper figures compiled by Media Records; radio by Radio Expenditures Reports

Long-distance services

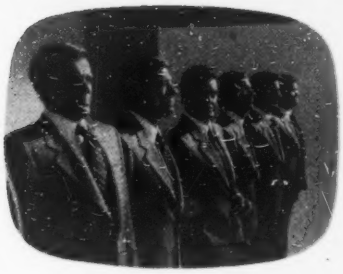
A furor has been generated in the $40-$50 billion long-distance market by two little words: equal access. The divestiture required that business and residential consumers choose the long-distance company they want to use in the familiar way: dial "1" + area code + number. This requirement assures all long-distance competitors (there are between 300-400 of them, with anywhere from three to 18 per market) equal access to the local lines they have to use.

Only recently, however, did equal access become the focus of so much marketing attention. At first, AT&T — credited with about 85% of the market in terms of minutes transmitted — was allowed to scoop up all "default traffic." Those who didn't make a choice automatically stayed AT&T customers. Some cried foul. Now "allocation" is the new buzz word: Those who don't choose will be assigned a long-distance company at random. Even though callers will still be able to use other carriers by dialing different sets of numbers, this main shift is to be completed by September 1986. "People could basically ignore the process before," sighs an AT&T spokesman. "Now we have to say, 'Uh, excuse me — you have to make another decision.' "

Predictably, **American Telephone & Telegraph** is bringing awesome resources to bear in the fight for customers. AT&T Communications, the long-distance unit, says it spent $276 million on advertising in 1984, a figure that outdistances LNA estimates for this unit. Observers believe Communications will reach out with an even heftier budget this year and next, due to the equal access situation as well as the introduction of new services.

Market segmentation is an important part of the long-distance giant's marketing strategy. "You can't approach the market as a homogenous sum," especially when you are appealing to some 85 million U.S. households, explains Rick Roscitt, director of consumer program marketing at AT&T Communications. "You have to understand the demands of clusters of

No shrimp AT&T, with an estimated 85% market share.

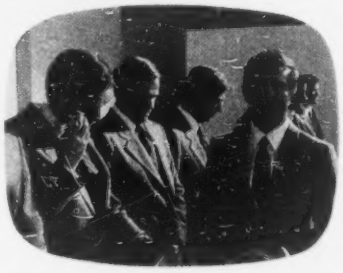


people. There are people who want to reach out and those who don't want to reach out."

He says that the company targets a wide variety of consumer groups: the military, for instance, working women, and the college market. It recently launched a reported $20 million direct-mail campaign aimed at families about to move, hoping to convince them to choose AT&T in their next home town.

AT&T makes wide use of direct mail, telemarketing and other promotional techniques. Its high visibility, though, is largely due to the huge buys it makes into virtually every media, blanketing pages and airwaves with ads for its long-distance services.

Featuring ubiquitous company-spokesman Cliff Robertson, its ads for things like "Opportunity Calling" and "Reach Out America" services, as well as its response to the equal access question, can be seen on the three networks' morning and evening news shows. They also appear on a wide range of prime time shows, from *Magnum P.I.* to the *Twilight Zone*. Network sports slots figure in, too. The company makes some spot tv buys in certain markets where it wants to achieve higher reach and frequency. Publications it buys space in are equally diverse: *Newsweek, TV Guide, Sports Illustrated, Psychology Today, Changing Times, GQ* and *Ebony* are a sampling.



Where the business market is concerned, ads and promotions — the latter being especially important to this category — tout a variety of services tailored to the needs of the large, medium or small-sized company. A WATS service, for instance, may be just the thing for a small- to medium-sized customer, while a large business is the most likely candidate for an 800-number or teleconferencing.

The company says it depends heavily on the personal touch of its sales force to pitch its more sophisticated products to its large customers, though it makes some media buys against them in publications like *Data Communications*, for instance. Overall, though, its business advertising is aimed at medium- to small-sized customers. Currently, it focuses heavily on the equal access choice.

AT&T also has a network of 41 "telemarketing" centers staffed with about 2,000 people who answer customer questions and make sales calls. AT&T ran a special ad supplement in *Forbes* recently describing telemarketing and pitching AT&T as a telemarketing resource.

As for competition in the long-distance arena, "It's AT&T and us — and then everybody else," claims Judy Ranzer, vice president of advertising and sales promotion for **MCI Communications.** Indeed, estimates show

Company spokesman Cliff Robertson adds his personality to AT&T pitch.

that MCI, GTE Sprint and Allnet Communication Service, a minor player, account for 70% of the market AT&T leaves in its wake. MCI holds 10%-12% of the total market. She says the company currently has about two million long-distance customers, but that that number counts multi-lined business customers as one.

International Business Machines re-

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South Bend Tribune

Test Marketing expert states:

"SOUTH BEND AMONG 8 CITIES RANKED THE MOST AVERAGE OF THE AVERAGE"

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cently bought a stake in MCI. While it's a move that many think will put MCI on a more equal marketing footing with AT&T, others point out that no sort of joint marketing agreement between the two has been worked out.

MCI's advertising still pitches its range of services, but is heavily focused now on equal access. Shearson Lehman/American Express speculates that when the nation's choosing is over, MCI will have increased its market share to 20%. The firm thinks "pent up demand" will account for this growth. Some consumers may have been lured by promises of lower phone bills, but waited until now because they didn't want to dial all the extra digits that went with an MCI call, or were turned off by the service quality (this will be determined by the local phone company after equal access).

"We view equal access as a major opportunity for MCI," says Ranzer, who puts the company's ad dollars in the over $40 million-under $75 million range. "The single most important thing we can do now is convert as many customers as possible. The whole future of the company depends on it."

Ads featuring Burt Lancaster and Joan Rivers take an informational approach. Rivers' spots, notably toned down from her earlier AT&T-mocking ones, still manage to get their digs in: " . . . to show you what a sporting company MCI is, we won't even mention that expensive phone company by name. But I'll give you a hint. Their initials are AT&T."

These residential-market ads are all local spot tv buys and appear on morning and evening news shows, early fringe and daytime shows. Mailings get most of the remaining expenditures. Occasional newspaper ads appear but very little other print is used to pitch to the residential market. MCI also recently struck a direct-sales agreement with Amway. The consumer products company's reps will push MCI's services when they make house calls.

MCI, Ranzer says, is beefing up advertising to another segment: "We're starting to talk to businesses more. We haven't done a very good job of that before." This fall the company launched a major print campaign aimed at "business people on all levels," says Ranzer. They were previously only aware of MCI through its ads to residential customers, ads that were funny and emphasized price.

MCI highlights its corporate clients in new ads aimed at the business community.

The campaign, which has a tag line of "Smart companies use a smart company," features the trademarks of some subscribers: American Express, Gerber, Miller Brewing and Jacuzzi. The new campaign is running in publications like *Fortune*, *Forbes*, *Inc.*, the newsweeklies and trade books like *Communications Weekly* and *Telephony*. Tv and newspapers are being considered for 1986, Ranzer says.

GTE Sprint was taking the come-hither approach to make the most of its equal access opportunity. A new campaign broke earlier this year that featured sleek, sultry women telling viewers things like "I know what you want" — referring to phone service. Now, the company says this campaign has been dropped and a new campaign will break within a month or two.

According to LNA, the company spent close to $34 million to pitch Sprint, the bulk of that going to spot tv and newspapers.

But Sprint may need more than a new campaign to survive. Elimination of certain access charges, an advantage allowed the long-distance upstarts by regulators, could put it out of business, according to a study recently conducted for GTE by Booz, Allen & Hamilton.

Local phone service

"Bypass," in the lexicon of local telephone service, doesn't refer to a surgical procedure. Yet the mere mention of the word is likely to give some local-service marketers a sharp pain.

A growing phenomenon, bypass occurs when a business customer devises a way to avoid using local lines — and paying local access charges — to connect with its long-distance carrier.

It is usually just a local's largest customers that threaten to do this — New York Telephone, for instance, saw Citicorp and American Express' Shearson Lehman unit install bypass equipment. But some studies show that while those businesses may represent as little as 6% of a local's customer base, bypass can mean the loss of up to 50% of a local phone company's revenues. That also can mean higher phone bills for the rest of us.

Ironically, AT&T is the local's biggest bypass threat. If a big client wants to connect directly with AT&T, the phone giant is only too happy to provide the service for a fee. Many speculate that in order to protect at least some of their profits, the locals may end up providing these services, too — in effect, bypassing themselves.

The operating companies dominate about 80% of the local-line market. But, in an attempt to circle the wagons around their more profitable customers — businesses — the locals are focusing a lot of their marketing efforts on that sector. "The [phone] companies aren't forgetting about their residential customers," reassures Jaegars, "but all the competition is for their high profit customers right now."

"Competition is not new to us," asserts Dorothy Dowling, manager of corporate advertising for **NYNEX.** Its region, serviced by its New York Telephone and New England Telephone units, is home to a diverse customer list that includes some of the largest corporations in the world. "We had competition earlier and harder than the rest of the country," she claims, due

to the region's businesses getting the jump on developing their own phone networks.

The company says it expects its ad dollars for its corporate campaign and those of its units to total about $50 million in 1985.

Dowling says the corporation requests media plans from the phone company units to insure some sort on thematic consistency and to prevent a NYNEX traffic jam in a single publication. By and large, however, the advertising is decentralized within NYNEX, she says, which means each unit has its own advertising department and agencies.

All the competition, says Dowling, is forcing phone companies to be more innovative with their advertising, taking them beyond the standard office-with-equipment portrayals. Parent NYNEX, for instance, recently launched its "Jungle" campaign that illustrates, says Dowling, that "it's a jungle out there, but lots of different animals are co-existing." It's NYNEX's way of doing what many other regionals are doing at this stage of the game: acknowledging consumer confusion and then trying to clear it up.

NYNEX: Used to pitching for business from business.

The campaign is primarily print, and runs about 50-50 in newspapers and magazines. Buys include the *Wall Street Journal* and the *New York Times*, plus publications such as *Fortune, Business Week, Scientific American* and the executive editions of the newsweeklies. In addition, NYNEX sponsors *Information Age*, a series of five-minute shorts on Financial News Network.

New York Telephone, in contrast, launched a new series of residential-directed spots in November as part of its long-running "I can't live without you" campaign. The company sees market growth potential in discretionary calling in those areas with local measured service. Its ads are out to encourage the impulse call. The campaign runs in spot buys on the three networks as well as cable's CNN, USA Network and the Sports Channel. Radio stations run expanded 60-second versions and full-page four-color ads are seen in *The New York Times Magazine* as well as other local supplements.

On the other side of the country, **Pacific Telesis** has also launched a new campaign, called "Intelligent progress," a theme it thinks will appeal especially to its Silicon Valley customers. While PacTel aims for this to help its phone units' in their marketing efforts, it is trying to boost awareness of its corporate self. The company is, after all, moving into computer sales, publishing and consulting, among other things.

Media Records puts PacTel's newspaper spending at $5.1 million in 1984, and LNA shows expenditures of about $17.7 million that year for the corporation as well as its Pacific Bell unit, which claimed more than $14 million of the total. Its other operating unit, Nevada Bell, showed no expenditures.

Three 60-second "Intelligent progress" spots running in California markets highlight past examples of progress: the Suez Canal, the Golden Gate Bridge and the first U.S. weather satellite. Full-page print ads run in *California Business* magazine as well as West Coast editions of major business books.

"I think there's confusion out there among consumers as to who's the parent and who are the subsidiaries," says a PacTel spokesman. "It's in everybody's best interest to clear it up." He refers to a situation that, as the regionals start to diversify, concerns most of them. For one thing, potential investors need to be told which entity they can invest in. But also, he says, it should be clear to consumers just who is re-

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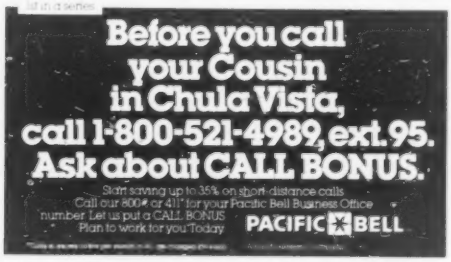
sponsible for the quality of their service, as well as their rate hikes. "We have to be concerned about the possible tarnishing of an image."

Its Pacific Bell unit is taking a softer approach to its customers — both business and residential. Ads tell its business market that to be successful it helps to soften a business call by getting a little personal. The tv ads feature West Coast business personalities in the campaign, such as Paige Rense, editor-in-chief of *Architectural Digest*.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PACIFIC BELL

The locals are trying to hold onto their residential customers.

Its residential campaign, with the tag line "Don't drift away," has been so successful that Pacific Bell has sold it to three other operating companies in different regions. "The vast majority of calling that takes place in the residential market is emotional-based," says Jude Cote, director of advertising. She says company research showed that of the people who see their heart-tugging ad, 10% make a call right away. The campaign just runs on television, in slots that include morning, prime time and, of course, afternoon during the soaps.

Ameritech takes more of an all-in-the-family approach to advertising. The tag line of its new "Helping you communicate" campaign will be picked up by its five units: Illinois, Indiana, Michigan, Ohio and Wisconsin Bells. "We've gone a long way in cooperating with each other," boasts Sara Foley, Ameritech advertising manager.

Ameritech is using the theme its own way for its corporate ads. The tone of the ads — highly informational — was determined by the existence of so many industrialized cities in its region, she says. The strictly print corporate version will run in *Institutional Investor, Pensions & Investment Age*, as well as magazines like *Business Week* and *Forbes*. Though the campaign is aimed at business decision makers and the investment community, it will also appear in a few general audience publications, such as *USA Today* and the regional edition of *Newsweek*, in addition to trade publications like *Data Communications*. She says the parent has spent $10 million on corporate advertising since June 1983.

According to Carol Quanstrom, district manager of advertising at Illinois Bell, the Ameritech unit spent between $5 and $15 million in 1985. That figure doesn't include costs of its promotional programs, such as direct mail. As with all the operating companies, it does business-to-business advertising, especially emphasizing its custom Centrex multi-line service.

Its Centrex campaign may venture onto the airwaves in 1986, but for now can be seen in regional publications like *Crain's Chicago Business* and the *Chicago Tribune*, as well as trade books like *MIS Week*.

Its residential ads are trying hard to increase local usage, especially in areas where customers are charged for local chats.

Residential-market ads also emphasize custom calling services: call-waiting, call-forwarding, three-way calling, etc. Though all carry the same slogan, "Keeping in touch is a touch easier with . . .," their media placements reflect different strategies. Call-waiting appeals to families (especially those with gabby teenagers) and its ads are female skewed. It receives a lot of daytime tv play, for instance. Call-forwarding, however, is a service more singles — especially men — go for. Ad placement leans to news shows.

In addition, residence-targeted ads run in regional editions of magazines like *Newsweek* and *People*, as well as the first sections in local newspapers. The local usage pitches even get some outdoor billboard space, as their messages communicate easily.

Another Ameritech unit, Michigan Bell, says it spent in the neighborhood of $7 million in 1985 to advertise its services, many of which are similar to Illinois Bell's. Its residential advertising, however, also talks up its "Line Backer" repair service in addition to encouraging long-distance use within Ameritech's region.

US West has three phone service units — Northwestern, Mountain and Pacific Northwest Bells — that cover a 14-state region. According to Jack Sommars, director of financial communications, corporate advertising cost US West $4 million this year. He says that parent and subsidiaries operate separately when it comes to marketing and advertising. LNA reports 1984 expenditures for the five of them as $9.8 million; Media Records shows additional newspaper expenditures of about $5 million.

The company has taken a page from the Marlboro Man's book in its Western-theme corporate ads. The Fallon McElligott Rice campaign has run since June of 1983 and is strictly targeted against the investment community (some of whom at one point received branding irons as a promotion). Sommars says the company

Ameritech is streaking into the future with a new corporate image.

launched its corporate campaign so early because they'd picked a name without "Bell" in it. Research showed that of all the regionals, their name was known the least among potential investors.

Ads tell investors to "start thinking of us as a growth company. We are not a utility. And we are not acting like one." *Institutional Investor*, *American Banker* and *The Economist* are among the publications US West advertises in, as well as the *Wall Street Journal*. As this print mix demonstrates, the ad doesn't run in regional papers because the message is aimed at Manhattan's financial center.

US West is riding herd on investors with an aggressive corporate campaign.

Where marketing is concerned, says Mary Manning, divisional staff manager of market management, Southwestern Bell Telephone, a unit of **Southwestern Bell**, "I think there's no question that we're going through school for the first time in some areas — like market research. Now," she adds, "we are the vendors."

SBT's ads to residential consumers focus on its "Tele-Help" campaign. The series of over ten informational booklets tell consumers what the company does and doesn't do any more, for instance, or how to understand their phone bills. They are advertised with spot tv and radio buys, Sunday magazines like *Parade*, and inserts included with phone bills. The ads carry the slogan "We're here to help." "We position ourselves as the company who cares — the humanized company," not a high-tech phone company, says Barbara Touchette, district staff manager of advertising. The company also pitches custom-calling services to residences.

"We're on-line with the future," is the slogan that reaches business customers. The company's campaign features customer testimonials from the likes of Monsanto and Texas Instruments. Spot television buys focus mainly on news shows. Print runs include regional editions of business books and newsweeklies. Ads also run in some telecommunications trade journals, whose numbers have grown from about four to 30 since the divestiture.

SBT's 1984 expenditures totaled about $14 million for measured media, according to LNA. Media Records lists its newspaper dollars at $5.7 million.

Bell Atlantic's region includes one very big customer: the federal government. "They pay us an awful lot of money, but they're looking for low-cost opportunities. We by no means have them locked up," states William Harral, assistant vice president of marketing operations. He says that 25%-30% of Bell Atlantic's business customers are bypassing to some degree already.

The company doesn't advertise or promote itself to the government. Instead, it deploys an army of representatives to get its message across, face-to-face. In addition, the company is a very visible presence at trade shows — some of which are "government specific." It also "lobbies" the network of consultants that help the government make its communications decisions.

On the other hand, Harral says, BA considers the residential market "a sleeping giant." It's a market in which A) the phone company can raise its rates and B) faces little competition because it is considered low-profit. Bell Atlantic focus groups have helped the company and its units divvy this market into five segments. Each is oriented to either the home, economic considerations, convenience, high-tech, or "indifference: those not really turned on by anything," he explains. Products, like its home security system, are developed for and marketed to individual segments. Spot tv buys feature both products specific and image-related ads.

Bell Atlantic recently unveiled a new, futuristic corporate campaign with the signature line, "We make technology work for you." Feeling it needs to have a name as recognizable as its units', the company says it will have spent between $10 million and $20 million by the end of 1985. The current campaign runs in a wide variety of publications, not just business books. Titles include the *New Yorker*, *Sports Illustrated* and *Time*, as well as trade publications.

Bell South, according to LNA, spent $2.3 million on its corporate ads in 1984. Media Records reports that the company as a whole spent about $7.2 million on newspapers that year. The parent is currently running a campaign in major financial publications. It also hopes to achieve the same thing that many of the regionals' corporate ads do: attract potential investors in the company's stock, as well as lure businesses to the region by promising state-of-the-art communications services.

South Central Bell, a unit along with Southern Bell, recently launched a campaign to business with the tag-line, "Putting your communications in a whole new light." "There was a perception with the breakup that we were just going to be a local dial-tone service," chuckles Frank Wiedmer, operations manager of business advertising.

The campaign runs in regional editions of business books as well as appearing in spot tv buys of business shows. South Central also relies heav-

ily on direct mail to reach businesses.

"Call on us" is the theme of its ads to residential customers. Getting particular ad emphasis are the custom calling services, as well as long-distance calling within the company's region. Wiedmer says the company held back on pushing long-distance for a while just after the divestiture, waiting for the market to shake-out a bit.

It uses telemarketing extensively to reach residences, as well as direct mail. In addition, the company uses spot tv buys across the board as well as newspapers. Long-distance ads run in the home sections of papers because, company research shows, 60%-65% of residential long-distance calling is done by women. The company's 1985 budget, Wiedmer reports, will come in at $10 million to $15 million.

Cellular phones

"Perhaps we went in with a more realistic view of the marketplace because of our background in radios and electronics, but I think a lot of those early projections were nonsense," comments Jim Caile, operations marketing manager for cellular phones at Motorola. He refers to lower than anticipated growth numbers for the portable, unwired telephone industry.

A Tele-Help ad from SBT: not a high-tech positioning.

Still, cellular phones — more correctly called radios because they operate by radio signal — are already a $250 million business.

While the "mobile phone" market is populated with equipment offerings by many of the Bell regionals, **Motorola** leads the pack with an estimated 40% share. Other prominent names are NEC Electronics, OKI Electronics and General Electric.

The cellular radio, according to Caile, speaking in an interview from his car, will continue to penetrate the business market. "But it won't grow by leaps and bounds," he says, "because you have to cost-justify it." Motorola's line, for example, ranges in price from $1,485 to about $6,000.

Though word-of-mouth is the most important advertising medium, say those in the industry, LNA reports measured media ad spending of $7.6 million for the category in 1984. Motorola's expenditures, however, totaled about $7.9 million, according to combined figures from LNA, Media Records and Radio Expenditure Report. The other leaders show spending of under $1 million apiece.

According to Caile, Motorola's media buys include business sections of local newspapers, as well as the *Wall Street Journal*; there are also buys in *Business Week*. *Newsweek* and *USA Today* are also on the list, he says, because they tend to be read by business people on the move — clearly, cellular's target market.

Carol Hall

Amazing
Liquor Fact:

THE ST. PETERSBURG-TAMPA-CLEARWATER METRO AREA IS FIRST IN FLORIDA FOR TAVERNS, BARS, NIGHTCLUBS AND LIQUOR STORE SALES.

In the nation's third leading state for distilled spirits sales, the St. Petersburg-Tampa-Clearwater metro also leads Florida in drinking place sales, liquor licenses and distributor sales of distilled spirits. So if you want to give your spirits a lift, call your St. Petersburg Times/Evening Independent representative. You'll get some amazing results.

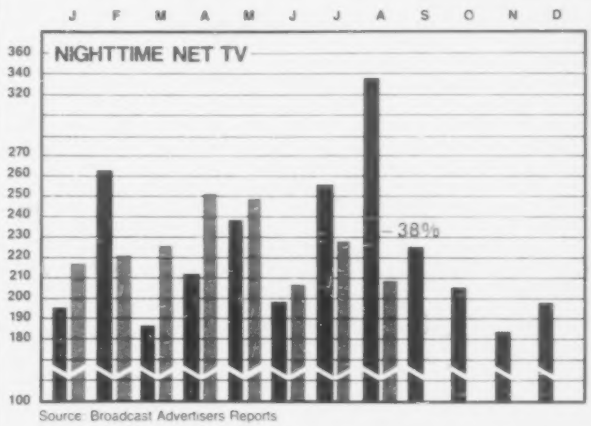
Source: 1984 Florida Department of Revenue Reports

St. Petersburg Times
evening Independent

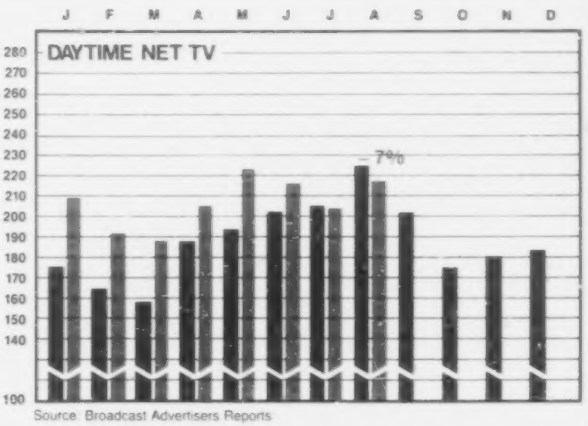
P.O. Box 1121, St. Petersburg, FL 33731
Telephone: 813/893-8249
Represented nationally by Story & Kelly-Smith, Inc.

MEDIA COST INDEX

Black bars index for 1984; color bars 1985; base year 1977



Source: Broadcast Advertisers Reports



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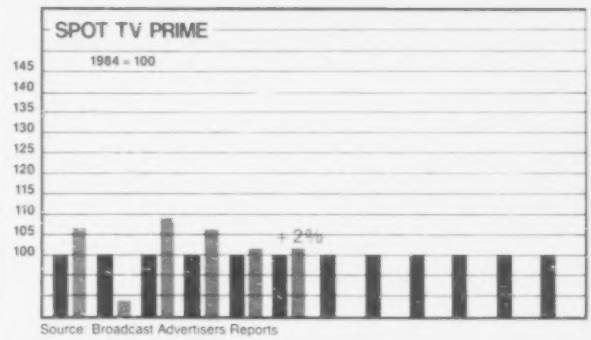

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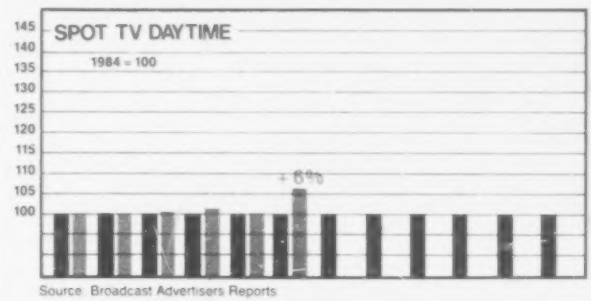

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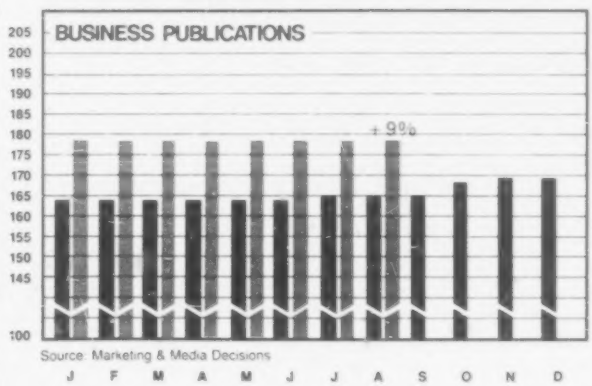


Source: Marketing & Media Decisions

Those summer blahs continued to drive television advertising rates down in August. **Nighttime network tv** rates plunged 38% from a year ago, while **daytime network** rates fell 7% from August of 1984.

These drops, by far the biggest decreases of the year for both nighttime and daytime, are somewhat misleading. They were undoubtedly influenced by the big events of last August: the Olympics and the Republican Convention. **Spot tv** rates are compiled by BAR on a quarterly basis. The third-quarter rates should be available for publication next month.

The biggest change in the print media came in **national Sunday magazines**. Ad rates there were up only 1% over 1984, after steady monthly increases of 10-11% throughout the rest of 1985. This was due primarily to the lower rates resulting from the reorganization of *Family Weekly* into *USA Weekend* earlier this year.

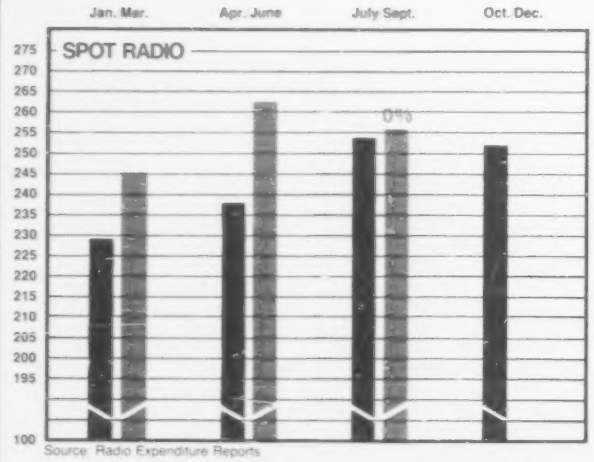
Consumer magazine rates were up by 8% in August, the same monthly increase reported for every month since February. **Business publications** were up by 9% for the fifth straight month. And **daily newspapers** increased their rates by 9% over a year ago, according to the Newspaper Advertising Bureau. They have been up by 7-9% all year.

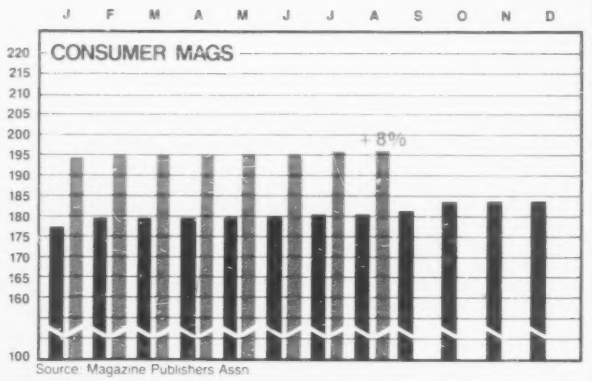
Finally, in **outdoor advertising**, the Institute of Outdoor Advertising calculated August's rate increase at 7% — the same as for every month in 1985.

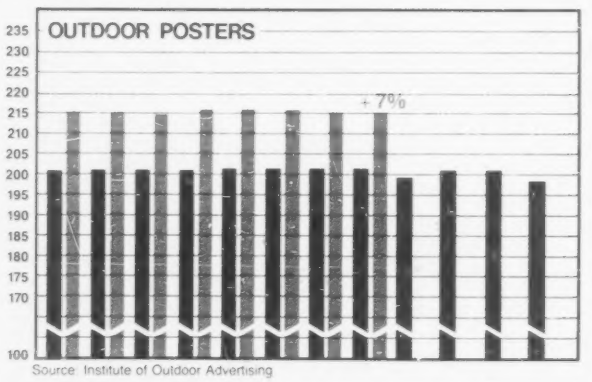
Network radio is being compiled this year on a new basis, in which BAR will include 15 networks, as opposed to the old seven. The cost trend is fluctuated gently for the last quarter. With January representing 100, the index shows July at 141, August at 137 and September closing the quarter at 138. There was no percent change in **spot radio** from what it was a year ago, according to the third quarter calculations from Radio Expenditure Reports.

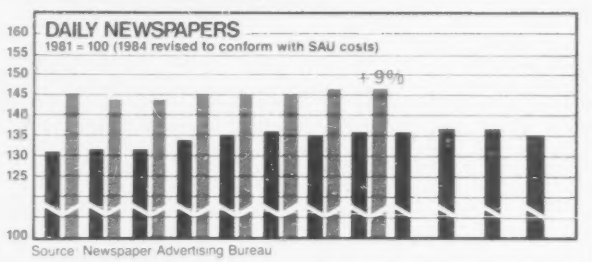
MEDIA COST INDEX (continued)

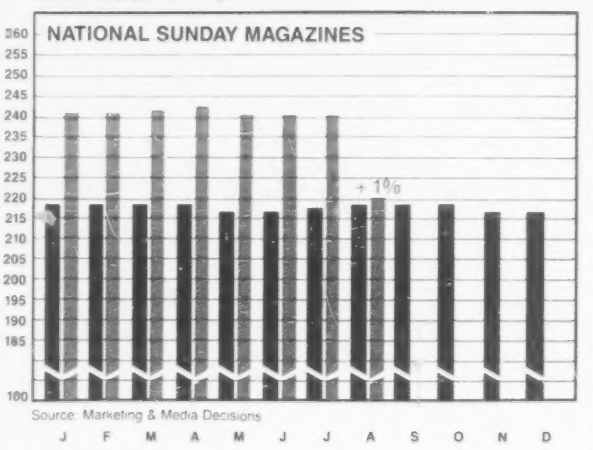
Black bars index for 1984; color bars 1985; base year 1977











The Media Cost Index reflects trends extracted from available sources. This analysis uses standard competitive report sources to develop comparable costs that reflect monthly cost trends by medium. Where industry competitive sources are unavailable, selected cost data from SRDS are sampled.

Sources:

Nighttime Network TV — Cost per average 30-second spot, 7:30-11 p.m. Monday-Saturday and 7-11 p.m. Sunday from Broadcast Advertisers Reports' (BAR) Network TV Service.

Daytime Network TV — Cost per average 30-second spot, 10 a.m.-4:30 p.m. Monday-Friday from BAR's Network TV Service.

Network Radio — Cost per average 30-second radio announcement from BAR's Network Radio Service.

Consumer Magazines estimate based on reported SRDS cost of a page, four-color in 40 national consumer magazines, as reported by Magazine Publishers Assn.

National Sunday Mags estimate based on published (rate cards) costs of a page, four-color in the national entries.

Daily Newspapers estimate based on Newspaper Advertising Bureau report of SRDS costs per agate line of a sample of 788 newspapers weighted to represent the universe.

Business Publications estimate based on reported SRDS cost of a page, four-color in 48 publications representing 42 business and professional classifications.

Outdoor Posters based on estimate prepared by Institute of Outdoor Advertising.

Spot Radio index represents cost of a 60-second spot in the top 100 markets from data supplied to Radio Expenditure Reports by major radio representatives.

How to read: Media Cost Index reflects latest available costs compared with base year 1977. Percent change shows rate of change from the same month in previous year.

SUNDAY MAGAZINES: *Continued from page 66.*

years, the pension plan was the biggest show in town. There was little articulation of what this product was to the advertiser. We had to totally revise what we were doing." Dimmitt has wasted little time replacing the sales force, redefining sales goals and refining buys to a single order.

But he charges that he's up against some ungentlemanly selling. Gannett, he claims, threatened some fixed Metro accounts by telling national advertisers that they "had to buy *USA* in Gannett markets." Word on this had been out for a week, causing advertiser confusion, he says, before he received promises from Gannett that the practice would stop.

"That's not true," counters Gannett's Ray Gaulke. "What is true is that we were originally told by our own newspapers that they would move to the Metro waiver list. They were now aware that they could not do that. Some of our salespeople did misunderstand that."

Whatever the reason, *Denver Post* publisher/CEO Richard T. Schlosberg — whose paper carries both *USA Weekend* and a local magazine handled by Metro — learned from a colleague that advertisers were confused. Dimmitt fears the confusion will be costly. "It's made our problem of papers switching around the advertiser's problem," he says. "And that stinks."

Fortunes are brightening for locally edited magazines, according to Stephen Petranek, managing editor of *The Washington Post Magazine*. Petranek thinks that local magazines, made slicker, can win back retailers whose search for sharper reproduction has led them to abandon Sunday magazines and produce their own glossy catalogs. Upgrades at *The Los Angeles Times Magazine* and the San Francisco *Sunday Examiner & Chronicle* aim at the kind of success enjoyed by the industry standard-setter, *The New York Times Magazine*.

For years, *Home*, the magazine of the *Los Angeles Times*, reaped cozy profits with features on fashions, gardening and the like. Its shelter status, though, limited its appeal to male readers and auto and liquor advertisers. *The Los Angeles Times Magazine*, the paper's new lifestyle vehicle, hopes standard size, coated stock, and a 60-lb. cover will broaden appeal.

"*The Los Angeles Times Magazine* gets out of the realm of Sunday roto magazines and into something more slick," says Ron Vartanyan, vice president and associate media director at Jordon, Case, Taylor & McGrath. Other advertisers were moved enough by the product and promotion to buy a total of 80 pages — about 60% of them national — in the launch issue, more than four times the average page tally of predecessor *Home*. "If any others follow suit, we'll sure take a look at them," affirms Vartanyan.

He'll only have to look to San Francisco. Executives at the *Sunday Examiner & Chronicle* studied their *California Living* standby and decided they needed a new product to draw more advertising and greater pass-along. The magazine, *Image*, appeared October 6, the same day the *Times* launched its standard-sized magazine.

The Los Angeles Times Magazine *and San Francisco's* Image *show a new style for local magazines.*

"The important thing is the conscious effort to upgrade editorial that has accompanied the downsizing — a welcome change," thinks Harry Glass at Bozell & Jacobs. "Sunday magazines have a general reputation for mediocre quality. Downsizing should lead to increased business."

Standard magazine size isn't the only option open to Sunday papers. Petranek, for one, notes that *The Washington Post Magazine* is considering various sizes and expects others to do the same. He points out that fast-improving digital technology dubbed "electronic preliminary," already in operation at R.R. Donnelley & Sons Co., will soon accommodate ad mechanicals of all sizes and let locals fit their looks to their markets.

But downsizing raises pricey questions for papers which lack the capital machinery of the *Los Angeles Times*. As Vance Stickell, the paper's executive vice president of marketing, concedes, while the company envisions "a separate profit center" in the revamped magazine, they can afford to continue funding at the sight of red.

High costs of new presses and materials have already deterred a few magazines that were expected to appear in smaller size. *San Jose Mercury News* president and publisher Tony Ridder, for one, dreamed of dropping *Parade* to hunt nationwide dollars with a revamped *West* — but not after being told he'd have to double his ad pool to afford the production increases.

Looking like a magazine is only half the battle, anyway, to Dancer Fitzgerald Sample's Allen Banks. "People don't buy the Sunday magazines like they buy magazines," he says. "They buy a newspaper, and in that they obtain this magazine. They don't have the opportunity to indicate their desire for it as opposed to other publications." And "the major concern" to DDB's Mike Drexler "is still that the absolute cost for continuing campaigns is prohibitive to a lot of companies." From Drexler's panoramic view, "nothing has changed dramatically."

Or has it? While Banks doubts the shuffling will change the "promotional" nature of the Sunday field, he eyes the showdown in major markets. "This will give us the opportunity to pick out the best publications for our clients: which ones *do* have better positioning, better pricing structure, better promotional capabilities."

Even *Parade*'s Vittorini is willing to give *USA* a little credit as the "catalyst" for change and advertisers' attention. "The way Gannett is packaging *USA Today*, *USA Weekend* and Gannett Outdoor," he says, "is a whole new philosophy." *Fred Pfaff*